

ADDENDUM NO. 2
TO SPEC. 03-166
FOR REQUEST FOR PROPOSALS FOR AUDIT SERVICES

1. Does the City anticipate a large increase or decrease in expenditures for current or new federal programs?

For the Water System the operational and maintenance expenses for Fiscal Year 2002-03 and as proposed for Fiscal Year 2003-04 will be increased by approximately 7 percent over the previous fiscal year. For the following two fiscal years of the audit contract, the increase in operational and maintenance costs is proposed to be closer to 1 1/2 percent. For the Wastewater System, the annual increases in operational and maintenance expenses for each fiscal year over a four-year time period will be approximately 1 1/2 over the previous fiscal year.

The Capital Improvement Programs for both Systems is increasing dramatically if the Capital Improvement Programs as submitted to the City Council to meet the needs identified in the City's Comprehensive Plan are approved. The dollar amount of the CIP for the Wastewater System for Fiscal Year 2002-03 is \$13,129,800; the amount proposed for Fiscal Year 2003-04 through Fiscal Year 2008-09 ranges from \$8,988,000 to \$27,464,000 annually. The dollar amount of the CIP for the Water System for Fiscal Year 2002-03 is \$10,015,000; the amount proposed for Fiscal Year 2003-04 through Fiscal Year 2008-09 ranges from \$15,110,000 to \$22,810,000 on an annual basis.

2. Does the City have any technical interpretations (Section 5.5 of RFP) they are currently concerned about for fiscal year end 8/31?

N/A

3. What assistance has the City received in the past to develop notes to the financial statements?

The City personnel assigned to the Utilities audit will look to the auditor for guidance on any new pronouncements.

4. Are the books adjusted and available for audit work to be completed for the EMS, and Landfill, at the same time as the City, or are they completed in stages and could we complete work on each as they are ready?

N/A

5. Proposal indicated that the City prepares all statements and schedules. Does this also include the entire report for the Landfill, EMS and the Keno Audits?

N/A

6. Are there any changes the City would like to make to the financial statements this year after going through GASB 34 over the last year?

The only change at this point would be with the implementation of calculations and collections of impact fees for Water, Wastewater, Streets, and Parks as of June 2, 2003. The purpose of said impact fees is to represent a "fair share" portion of the developer's costs of new development as it impacts water, wastewater, street, and park infrastructure.

7. Does the City intend on early adopting GASB 40 for Deposit and Investment Risk Disclosure?

N/A

8. What weeks are best for the City personnel for us to complete interim work prior to August 31 for both the City and the Water & Wastewater?

In the past, the utility auditors have began some of their initial work as early of June or July. The Business Office will not have completed draft financials ready for review and audit until mid-October.

9. How many auditors have been on-site in past audits and how long have they been on-site for both the City and Water & Wastewater?

Dependent on what phase of the utility audit was occurring, the audit firm in the past has had 1-3 auditors on site.

10. When will the Finance Department have a preliminary draft of a schedule of Federal Financial Assistance prepared and ready for the auditors?

N/A

11. Has the City or Utilities had any reportable conditions or material weaknesses in the past three years?

The Utilities Systems have not had any reportable conditions or material weaknesses in the past three years.

12. What was the Audit fee for each element of the request for the last three fiscal years?

The audit fees for the last three years for the Water and Wastewater Systems were 2000 - \$20,100; 2001 - \$20,850; and 2002 - \$21,750

13. Have there been any special projects for which additional fees have been charged by the accounting firm, over the last three years?

The Water System did call upon the auditor to do extra work for a Water Bond Issue and Wastewater Bond Issue during the last three years.

14. Excluding GASB 34 implementation, have there been any audit adjusting entries in the last two fiscal years for the entities listed below?

There have not been any audit adjusting entries in the last two fiscal years for Water or Wastewater Systems.

15. Did the current auditors provide a "passed adjustment schedule or summary" for August 31, 2002, year end?

The current auditors did not provide a "passed adjustment schedule or summary" for the August 31, 2002, year end.

16. Could we have a copy of the proposal accepted four years ago?

A copy of Resolution No. 79608 and proposal can be obtained in the City Clerk's Office.

17. It appears that there are actually two RFP's. One for the City and the other for the water and wastewater utilities. Is it the City's expectation that two separate technical proposals and price proposals are to be submitted or one combined technical proposal and one combined price proposal?

We have the option of selecting different firms for the two audits, so two separate proposals need to be provided - but you may elect to also submit a combined proposal in order to show better pricing for the awarding of both.

18. In the water and wastewater utilities proposal can we assume that Sections 3.7 and 3.8 are N/A with regards to the utilities?

Yes

19. Have separate financial statements and reports been issued for the EMS and Landfill funds in the prior years? If so, are these available for us to review?

Yes to both questions.

20. On Page 9 of the RFP, there is a bidding schedule. Under the caption fees, other services - What is your expectation here? An hourly rate for additional services or specific tasks? Fixed price?

We would prefer to see an hourly rate per position (Partner, Manager, staff) and also a fixed price for review of bond offerings which is an additional service that occurs with the same regularity.

21. On Page 4, Number 7.1.1 since we are not a corporation, do you require the name and address of all firm partners or those of the proposing office?

Only the proposing office is required.

22. Also on Page 4, Number 7.1.3 -What is necessary to show evidences that the person signing the proposal is authorized to bind the firm? Would a statement certifying statement to this fact be sufficient?

Power of attorney statement or other certifying statement is acceptable.

All other terms and conditions to the specifications to remain unchanged.

Dated this 19th day of June, 2003.

Purchasing Department



Vince M. Mejer, CPPO, C.P.M.
Purchasing Agent